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1981

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Recommended Citation

Saltzman, Cynthia, "Reagan Administration: Funding Cuts News Articles (1981-1982): News Article 21" (1981). *Reagan Administration: Funding Cuts News Articles (1981-1982)*. Paper 34.
http://digitalcommons.uri.edu/pell_neh_I_71/34

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Companies Doubt Their Arts Giving Would Rise to Offset Reagan's Cuts

By CYNTHIA SALTZMAN

Special to THE WALL STREET JOURNAL

Groups in the arts and humanities, alarmed by proposed steep cuts in federal subsidies, may find cold comfort when they look to business patrons to come to the rescue.

"I just don't see it in the cards that we'll be able to pick up that much slack," says Robert Thill, secretary of the contributions committee at American Telephone & Telegraph Co. The gap to be filled, he says, is "too much of an increase for corporations to make, in view of all the other obligations we have to meet."

The Reagan administration is seeking budget cuts of almost 50% at the National Endowment for the Arts and the National Endowment for the Humanities. The proposed cuts total about \$165 million.

Some major patrons, such as Exxon Corp. and Pillsbury Co., which respectively give about \$2 million and \$1 million a year to the arts, say they don't have any plans to change their contribution policies. Only a few companies—mostly the biggest ones—really figure in the field. The Business Committee for the Arts says about 1% of the nation's corporations account for more than half the total corporate support for the arts.

The Competition

Big corporate contributors say they expect increased pressure for contributions in other fields, such as education, health and other service sectors. The Reagan economic plan that is stimulating concern calls for the budget authority of the NEA to be cut to \$88 million in fiscal 1982, which starts Oct. 1, 45% less than the \$159 million allocated for this fiscal year and almost 50% below the \$173 million budgeted for fiscal 1982 by the

Carter administration. The administration wants to chop the fiscal 1982 budget authority of the NEH by almost half, to \$85 million.

The Reagan report asserts that the endowments "for too long" have been "promoting the notion that the federal government should be the financial patron of first resort both for individuals and institutions engaged in artistic and literary pursuits," thus discouraging private contributions.

But corporate officials and arts fund-raisers say the policy of government patronage has been a resounding success. Since the founding of the two endowments in 1965, corporate support of the arts has grown along with federal financing. In 1979, businesses contributed \$436 million to the arts, compared to the 1967 figure of \$22 million, according to the Business Committee.

Stimulating Gifts

The federal grants are engineered to encourage private contributions. All NEA grants must be matched by nonfederal funds. In one program, the "challenge grants" given major cultural institutions, each government dollar has to be matched by at least three nonfederal dollars.

Often a grant generates far more in gifts than required. The Museum of Fine Arts in Boston, for instance, has used a \$2-million grant to launch a capital campaign in which it has raised \$21.5 million.

The large museums, opera companies and symphonies don't have to convince prospective contributors of their artistic merits. But smaller, less-established groups often need the kind of recognition that comes from an NEA grant. It's like a "Good Housekeeping seal of approval," says Edward M. Strauss Jr., president of the Business Committee for the Arts.

"Any small arts organization is immediately asked by a corporation whether it gets money from the NEA or from the state arts council," says Marian Godfrey, director of development of Mabou Mines, an experimental theater group in New York that received about \$71,000 of its \$290,000 budget from the NEA last year.

"An endowment grant increases both your artistic and your management credibility," says Miss Godfrey.

Arts programs often have government and corporate sponsorship. The large exhibition "Expressionism—a German Institution 1905-1920," now touring the country, was sponsored by Philip Morris Inc. as well as the NEA and the Federal Republic of Germany.

"There's been a wonderful partnership between corporations and government in the arts," asserts Robert W. Bonine, vice president for community relations at Pillsbury.

"But there's a limit to how great our participation should be. Corporations already give more to the arts than shareholders and the public think we should."

The final shape of the budget cuts isn't determined, of course, but arts leaders fear that small, more experimental groups are most likely to be hurt. Performing arts groups are particularly worried.

"I asked for a 30% increase in the \$1.4 million subsidy from private individuals and corporations, to continue what we're doing now, and do the same number of productions," says William P. Wingate, managing director of the Mark Taper Forum in Los Angeles. "We aren't going to get it."

"Today we're producing plays with an average of 10 actors, including understudies, compared with more than twice that many in the late '60s and early '70s," Mr. Wingate adds. "That's how we've coped with inflation." Costs, he says, are rising at a 20% annual clip.

Museums also find that they have to ask for increasingly large amounts to cover the rising costs of exhibitions. Richard Dougherty, vice president for public affairs at the Metropolitan Museum of Art in New York, says the "Treasures of Tutankhamun" exhibition, which in the late 1970s cost the participating museums \$1.5 million for shipping, travel and curatorial expenses, might cost double or triple that now.

In view of inflation and the threat of declining subsidies, cultural organizations will have to seek ways to increase earned income, arts managers say. Mr. Bonine says Pillsbury will try to help arts groups do that. "The next decade is going to be tough for all of us," he says.

Dayton-Hudson Corp., Minneapolis, gives 5% of its federal taxable income to nonprofit organizations (the maximum deductible charitable contribution allowed by the Internal Revenue Service). Wayne E. Thompson, senior vice president for environmental development, believes the President should announce a "public policy" encouraging the private sector to do more.

Corporations are bracing for a wave of new money requests from arts groups. "Requests from the cultural sector have increased more than any other sector in the past two years," says AT&T's Mr. Thill. Odile Basch, manager of cultural affairs at Philip Morris, estimates that the company gets 30 to 50 such letters a week from dance, theater and opera companies, museums and other arts organizations.

Leonard Fleischer, senior adviser for the Exxon arts program, says, "Inflation is really a killer for the arts groups." If the Reagan program succeeds in bringing it under control, he observes, "That will help all the arts groups a lot."

